

WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION
Community Nutrition Programs
Child and Adult Care Food Program

Guidance Memorandum 1C: For Child and Adult Care Food Program Sponsoring Organizations and Independent Centers (Child Care Component)

Topic: Instructions for Completing the Household Size-Income Statement 2008-2009 Nonpricing Programs and Pricing Programs

Date: June 2009

Household Size-Income Statements must be distributed annually with an accompanying letter to parents of all enrolled children. Sponsors designate a "determining official" who is responsible for reviewing and approving all Household Size-Income Statements. After determining the eligibility category, the determining official completes the bottom portion of the Household Size-Income Statement, including the determination, initials, and date. The date of determination is the date that the Household Size-Income Statement becomes effective in the approved eligibility category. Household Size-Income Statements are valid for no more than 12 months from the date that the adult member of the household signs the statement. Sponsors are required to have on file completed and signed statements from the household of each enrolled child counted in the "free" and "reduced" categories. If an adult household member refuses to complete a form or fails to return a form to the sponsor, the child must be counted as "non-needy" regardless of the household's income. All income statements, which includes those determined as "non-needy" as well as those that are "free" or "reduced," are to be retained for three years after the end of the Child and Adult Care Food Program fiscal year (October 1 to September 30).

The Household Size-Income Statement included in this memorandum is to be used for collection of all necessary information. Household Size-Income Statements that lack any required information as specified below must be classified as "non-needy" and must be reported as such on the monthly claim until the forms have been completed and the eligibility determined as specified above. A child that does not have a valid Household Size-Income Statement on file must be reported as "non-needy."

DETERMINING ELIGIBILITY BY HOUSEHOLD SIZE AND INCOME

When eligibility is established by household size and income, a complete application must include the:

- a. Names of all household members including the name of the child applicant [7 CFR Part 226.23(e) (1) (ii) (A) & (B)];
- b. Social security number of adult household member signing the application or an indication that he/she does not possess a social security number [7 CFR Part 226.23(e)(1)(ii)(C)];
- c. Household income received by each household member identified by source [7 CFR Part 226.23(e)(1)(ii)(D)]; and
- d. Signature of an adult member of the household [7 CFR Part 226.23(e) (1) (ii) (G)].

To comply with the federal requirement that eligibility information shall be no more than twelve months old [7 CFR Part 226.23(f)], a valid income statement must also contain:

- a. the date that the adult member of the household signs the application [to comply with 7 CFR Part 226.23 (f)]; and
- b. the date that the determining official approves the eligibility category for the applicant.

If income has been reported from more than one source and for different time periods, such as a weekly unemployment payment and a monthly social security payment, the weekly figure should be converted to a monthly figure by multiplying by 4.33 (4.33 weeks in a month) to arrive at a total income amount. To convert biweekly to monthly, 2.15 is the multiplier. To convert twice per month the multiplier is 2. Definitions of income are included in this guidance memorandum. The determining official must review the income statement to ensure that this information is reported, then use the current Household Size-Income Scale, included in this memorandum, to determine the eligibility category (free, reduced, or non-needy) of the child applicant. All reported income payments must be totaled to determine the eligibility category.

Special rules apply to foster children when establishing eligibility by household size and income. A foster child living with a family is considered to be a household of one, rather than part of the household, when a government agency has the responsibility for the child. If a child has been permanently placed in a home, the child is considered to be a member of that household. For the purposes of determining income for foster children, only the following funds shall be considered:

- Funds received from a welfare agency that can be identified for personal use of the child. Funds provided by the welfare agency may be specified by category; i.e., funds for shelter and care; special needs funds; and funds for personal needs such as clothing, school fees, and allowances. Only those funds that can be identified as personal use funds shall be considered as income. When such funds cannot be identified, no portion of the funds provided by the welfare agency shall be considered as income.
- Money received in hand from any source. This includes, but is not limited to, funds received from trust accounts provided by the child's family for personal use, and earnings from employment other than occasional or part-time jobs; i.e., paper routes, babysitting.

A foster parent or guardian must sign the form, but the adult's social security number is not required.

CATEGORICAL ELIGIBILITY

When eligibility is established by a Food Stamp case number (FoodShare Wisconsin), Food Distribution Program on Indian Reservations case number (FDPIR), or Wisconsin Works (W-2) Cash Benefits case number, a child is categorically eligible for "Free." A complete application must include:

- a. The name of the child applicant [7 CFR Part 226.23(e)(1)(iv)(A)]; and
- b. The appropriate Food Stamp (FoodShare Wisconsin), FDPIR, or W-2 Cash Benefits case number for the child [7 CFR Part 226.23(e)(1)(iv)(A)]; and
- c. The signature of an adult member of the household [7 CFR Part 226.23(e)(1)(iv)(B)];

Eligible Wisconsin Works (W-2) Cash Benefits programs are Trial Job, Community Service Job (CSJ), Caring for a Newborn (CMC), and W-2 Transition (W-2 T).

Food Stamp case numbers (FoodShare Wisconsin) are 10 digits long. Food Distribution Program on Indian Reservations case numbers (FDPIR) are the applicant's Social Security number. Wisconsin Works (W-2) Cash Benefits case numbers are 10 digits long. The determining official needs to be familiar with the format of valid case numbers. If there is any doubt concerning the validity of a case number, the determining official may contact local Food Stamp, FDPIR, or W-2 officials. Only the case number may be used to determine eligibility. For example, the 16-digit Quest card number used by FoodShare Wisconsin cannot be used to establish categorical eligibility.

To comply with the federal requirement that eligibility information shall be no more than twelve months old [7 CFR Part 226.23(f)], a valid income statement must also contain:

- a. The date that the adult member of the household signs the application [to comply with 7 CFR Part 226.23 (f)]; and
- b. The date that the determining official approves the eligibility category for the applicant.

ELIGIBILITY OF CHILDREN ENROLLED IN HEAD START

Effective August 2009, automatic eligibility for free meal benefits is extended to all children enrolled in federal and Wisconsin-funded Head Start who participate in the CACFP. Public Law 110-134 makes any child enrolled in Head Start, including Early Head Start, automatically eligible for free meals without further application or eligibility determination. A copy of an approved Head Start application for the child's family or statement of enrollment in the Head Start Program must be on file, or the determining official must obtain equivalent documentation. Equivalent documentation will consist of a list of the names of the Head Start participants and a certification statement that the children are currently enrolled as participants in a Head Start Program. This documentation must include the signature or facsimile of a Head Start employee authorized to provide certification on behalf of the Head Start office and the date.

Centers and sponsoring organizations that enroll children in their agency under collaborative agreements with Head Start agencies may also use the documentation indicated in the paragraph above to qualify children as free when the center is claiming meals for children enrolled in Head Start. At the beginning of each subsequent year, the

determining official of the collaborating center or the sponsoring organization must establish whether each such child continues to meet the conditions for automatic eligibility (i.e., the child is still enrolled in Head Start). See the section below titled "Sharing Income Eligibility Information Between Child Nutrition Programs" for more detail.

DEFINITIONS

1. The terms **family** and **household** are used interchangeably. Program regulations define these as a group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit. Within this definition, the term "household" is generally used for consistency.
2. **Economic Unit** generally means a group of related or unrelated people who share all significant income and expenses of its members. Economic units are characterized by the sharing of expenses such as food, housing, medical, and household insurance expenses. More than one economic unit may live in the same house. Separate economic units living in the same house are characterized by prorating of expenses and economic independence from each other.
3. **Types of Income to be Reported** on the household's application form is a **gross** figure and generally is considered to be any funds received on a regular basis. Specifically, gross income means money earned before deductions for income taxes, insurance premiums, bonds, etc. Income includes the following:
 - a. Monetary compensation for services, including wages, salary, commission, or fees;
 - b. Net income from nonfarm self-employment;
 - c. Net income from farm self-employment;
 - d. Social security;
 - e. Dividends or interest on savings or bonds, or income from estates or trusts;
 - f. Net rental income;
 - g. Public assistance or welfare payments;
 - h. Unemployment compensation;
 - i. Government, civilian employee, or military retirement or pensions, or Veterans' payments;
 - j. Private pensions or annuities;
 - k. Alimony or child support payments;
 - l. Regular contributions from persons not living in the household;
 - m. Net royalties; and
 - n. Other cash income such as amounts received or withdrawn from savings, investments, trust accounts or other resources that would be available to pay the price of a child's meal.
4. **Current Income** means income received during the month prior to completing the application. If such income does not accurately reflect the household's annual income, income shall be based on the projected annual household income. If the prior year's income provides an accurate reflection of the household's current annual income, the prior year may be used as a base for the projected annual income.
5. **Income** not to be reported includes any cash income or value of benefits a household may receive from any Federal program that excludes such income by any legislative prohibition. An example would be any funds received by volunteers for services performed under programs authorized by the Domestic Volunteer Services Act of 1973 such as the Foster Grandparents Program, Volunteer Management Support Program, Senior Companions Program, VISTA, etc. Other examples would be benefits received under the National School Lunch Program and Child Nutrition Acts. In addition, the value of in-kind compensation allowances, such as military base housing or other subsidized housing, medical, and dental services, are not considered income. Student financial assistance, such as grants and scholarships, are not considered income.
6. **"Zero" Income vs. no listed Income:** A household that reports only zero (\$0) income on the application form can only be temporarily approved for 45 calendar days. The agency is required to re-evaluate the household's current income status every 45 days if zero (\$0) income continues to be reported. In contrast, if no income is listed on the application form it is considered incomplete. The agency must contact the household for additional information. If the agency is unable to contact the household and/or cannot obtain sufficient clarification, the application form must be denied because it is incomplete and the child reported as "non-needy".

PARENT LETTER

Parents/guardians must be given the Parent Letter with the Household Size-Income Statement. The letter to use for Non-Pricing Programs is included in this memorandum. The letter to use for Pricing Programs is contained in the "Pricing Program Addendum for Determining Eligibility for Free and Reduced Price Meals for Pricing Programs," available by request from your CACFP consultant.

Note the paragraph near the bottom of the parent letter regarding free or low-cost insurance through Medicaid or BadgerCare. Effective April 11, 2007, USDA Final Rule CFR 226.23 and 245 established requirements for the disclosure of children's free and reduced price eligibility within certain limitations. Institutions participating in the CACFP may disclose children's free and reduced price eligibility information to persons directly connected with Medicaid and the State's Children's Health Insurance Program (BadgerCare) when parents/guardians do not decline to have their information disclosed.

If the child care institution determines that it would like to share children's names and eligibility status with persons directly connected with the administration of Medicaid or BadgerCare, contact your assigned CACFP consultant for additional information. There are specific requirements that must be followed, including signing a written agreement with the health insurance program agency, giving parents/guardians the opportunity to decline prior to any disclosure, and using the information ONLY to seek to enroll children in Medicaid or BadgerCare.

HOUSEHOLD SIZE-INCOME RECORD

Sponsors of child care centers, Outside of School Hour Centers and For Profit centers are required to use the form titled "Household Size-Income Record," included in this guidance memorandum, to document the monthly enrollment by need category recorded on the Child and Adult Care Food Program Reimbursement Claim (PI-1489). An agency which **does not** use the Household Size-Income Record as detailed in *Guidance Memorandum 1C* must submit the agency form being used to record monthly enrollment data by need category (non-needy, reduced, and free) to DPI for prior approval. All children that the agency considers enrolled in the center, including infants, must be listed on the "Household Size-Income Record."

All agencies are required to provide a narrative description of each center's enrollment policy. This narrative description is collected as part of the CACFP Application Renewal (PI-1486-R) and the Application (PI-1486). All enrolled children as defined by the agency in its current CACFP Program Application (PI-1486-R or PI-1486) must be listed on the Household Size-Income Record. See *Guidance Memorandum 6C* for examples of reasonable and measurable enrollment criteria that can be uniformly applied when determining which children to list on the Household Size-Income Record.

A spreadsheet version of the Household Size-Income Record is available to download from the DPI website (address at the bottom of this page). Directions to use the spreadsheet are:

Indicate the need category of each enrolled child by marking the need classification using either the appropriate "n", "r", or "f" or an "x". If additional rows are needed, press on the row number (on the left hand side) and select **Insert** and then **Rows** from the top menu. A printed copy of the Household Size-Income Record must be retained as documentation with each month's claim along with the other information that supports data on the claim.

"At Risk" After School Hours Sites – In lieu of the Household Size-Income Record, documentation of individual children's attendance on a daily basis must be maintained. This documentation must be maintained on a site-by-site basis. All eligible children at participating "At Risk" After School Hours sites are claimed at the "free" rate of CACFP reimbursement, using claim form PI-1489-B. Enrollment documentation by need category is not required for "At Risk" After School Hours Sites.

Emergency Shelters – In lieu of the Household Size-Income Record, emergency shelters must maintain a list of eligible children that includes each child's name, date of birth, and period of residency. This documentation must be maintained on a site-by-site basis. All eligible children at participating Emergency Shelters are claimed at the "free" rate of CACFP reimbursement, using claim form PI-1489-B. Enrollment documentation by need category is not required for emergency shelters.

SHARING INCOME ELIGIBILITY INFORMATION BETWEEN CHILD NUTRITION PROGRAMS

Child care institutions that participate in the CACFP and schools that participate in the school lunch or breakfast program may disclose children's names and all eligibility information, including eligibility status (whether they qualify as free, reduced, or non-needy), to *persons directly connected* with the administration of other Federal child nutrition programs. This means that all eligibility information obtained for the CACFP may be disclosed to persons directly connected with administering or enforcing regulations under the National School Lunch Program, Special Milk Program, School Breakfast Program, Summer Food Service Program, Special Supplemental Nutrition Program for Women, Infants and Children (WIC), and other CACFP institutions. Because child care institutions and schools are not required to give prior notice or receive consent from the household before sharing this information, the programs that request information are subject to the same confidentiality and disclosure requirements as the child care institution or school that provides the information.

The term "persons directly connected" with the administration of another child nutrition program can include sponsors or local program operators of CACFP. This is not to say that all employees of a center are entitled access to eligibility information. "Persons directly connected" with the administration of the program must legitimately "need to know" the eligibility information in order to carry out their program responsibilities.

The child care institution or school responsible for making free and reduced price eligibility determinations is also responsible for the decision on what information may be released, and to whom. The release of eligibility information between Child Nutrition Programs is an administrative option that is encouraged, but it is not required. The agency that provides the information also has the option to enter into a written agreement with the center that will receive the information which identifies the information to be shared, a description of how it will be protected, and a prohibition against further use of the information. (For a sample agreement, go to: <http://www.dpi.wi.gov/fns/doc/disclagree.doc>).

The privacy and confidentiality of personal data must be protected, and child care institutions and schools must take the decision to release eligibility information seriously. It must be made clear that the center receiving eligibility information cannot share the information with any other entity or institution. The center must also ensure that the information is securely stored, and the number of individuals that have access to it is limited. In this way, the child care institution or school providing the data maintains control over the use and release of all eligibility information and guards against improper disclosure.